

**2010** Department of Energy  
Project Management Workshop

March 9 - 10, 2010, Alexandria, VA



*"Meeting  
The  
Challenge"*


## Restructuring the EM Portfolio

A new permanent way of doing business...

R. Rimando & C. Melendez

March 9, 2010

# Pre-ARRA Portfolio Structure

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- EM Project Baseline Summaries (PBS)
  - DOE O 413.3A applied to the PBS
  - All-inclusive scope → “kitchen sink”
  - Prolonged durations → NTB and OPER
  - Budget-driven → annual shortfalls
  - Struggling construction projects “tax” other PBS-funded work
  - Capital work performance masked by LOE work
  - Perception of progress with “no completion”

# ARRA Challenges and Opportunity

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- How do we save and create jobs quickly?
- How do we maneuver through our Project Management Systems?
- How do we get definite and discrete work completed by September 30, 2011 within cost, schedule, safety, contractual and personnel constraints?

# TASKS

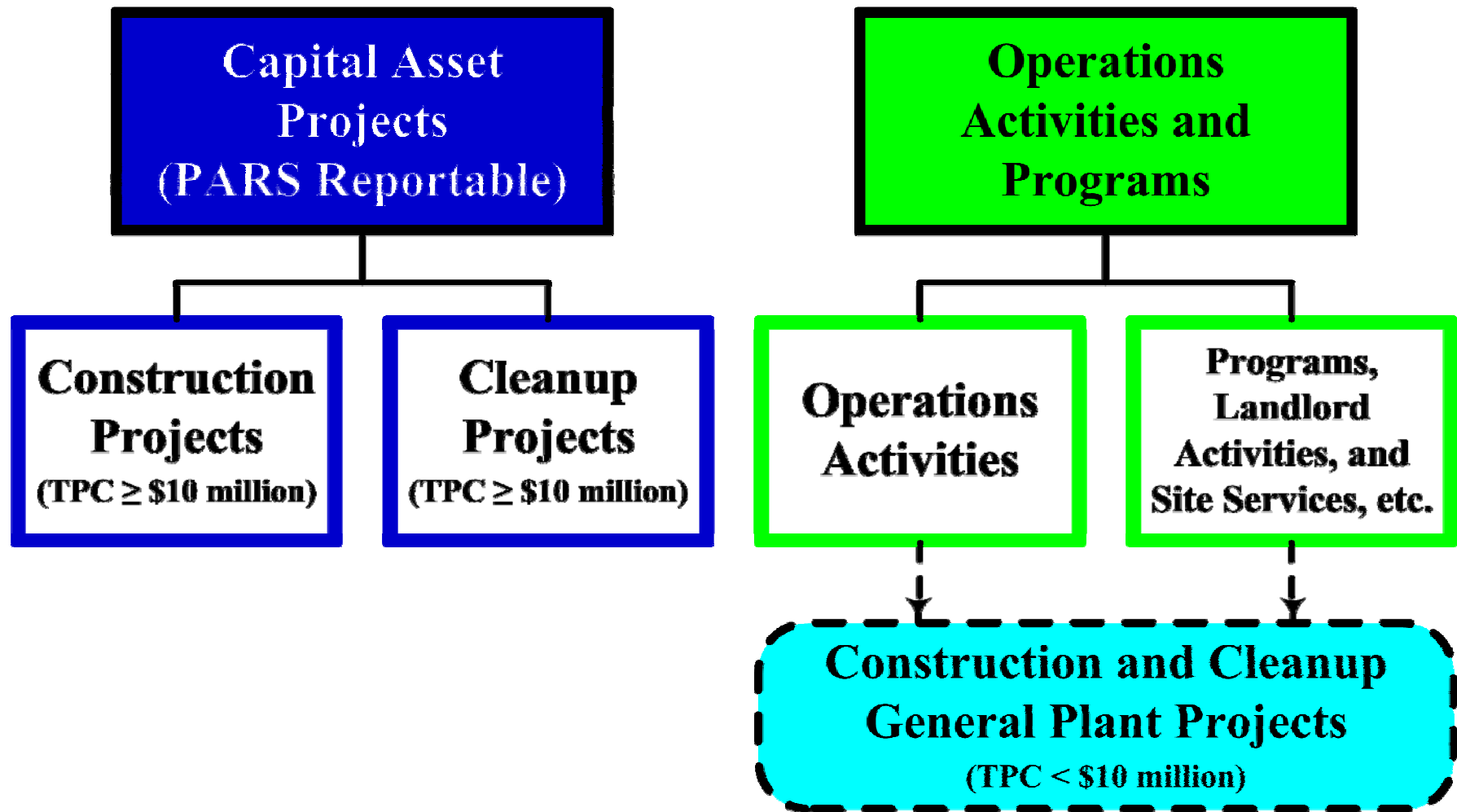
- Breakup the PBS
- Differentiate Programs, Projects and Activities (PPAs) from each other
- Apply DOE O 413.3A requirements
  - Capital asset projects ( $\geq$  \$10 million)
- Apply DOE O 413.3A principles
  - General plant projects ( $<$  \$10 million)
  - Operations activities and programs
- Deliver project completions

# New ARRA Portfolio Structure

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# Re-Organizing EM PPA's

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## CAPITAL ASSET PROJECTS

### Projects

- Line item construction projects
- Minor new construction projects\* with total project cost (TPC\*\*) of \$10 million\*\*\* or more.

\* Refer to DOE Order 430.1B, Change 1, *Real Property Asset Management*, for definitions of alterations and betterment.

\*\* DOE Manual 135.1-1A, Change 1, *Department of Energy Budget Execution-Funds Distribution and Control Manual*, specifies total estimated cost (TEC). EM will utilize TPC as the cost determinant.

\*\*\* Congress raised the cost threshold for General Plant Projects (GPP) and Institutional GPP from \$5 million to \$10 million in *Omnibus Appropriations Act of 2009* (H.R. 1105).

### TPC of \$10 million or more

- Surface and subsurface soil remediation such as construction of caps and engineered cover systems; excavation of contaminated soils and waste materials; and *in situ* grouting
- Surface water and groundwater remediation such as construction of treatment units; installation of sampling, monitoring and sentry wells; installation of barrier systems; and construction of phyto-remediation systems
- Retrieval of transuranic or other solid waste from **earthen-covered storage below grade**
- Removal or closure of radioactive liquid waste or high level waste tanks following waste retrieval operations
- Nuclear facility decommissioning
- Non-nuclear facility demolition and removal

## OPERATIONS ACTIVITIES & PROGRAMS

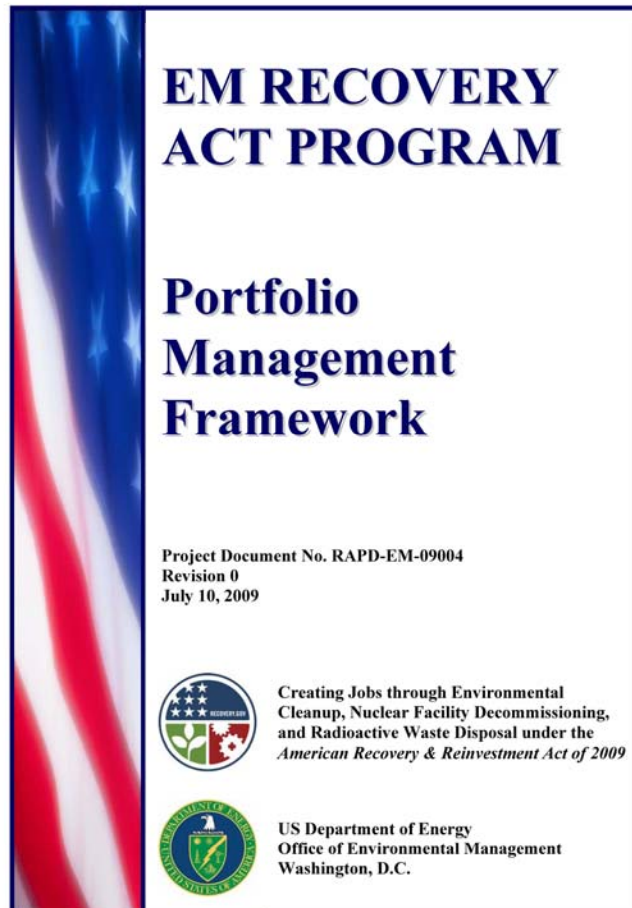
- Stabilization, packaging, storage, transportation, and disposition of: (1) solid waste, including transuranic waste; (2) liquid waste, including high level waste and radioactive tank waste; and (3) nuclear materials, including special nuclear materials and spent nuclear fuel
- Retrieval of transuranic or other solid waste from **earthen-covered storage above grade**
- Operation of facilities for receipt and retrieval of high-level waste
- Operation of waste processing facilities
- Surveillances, non-destructive and destructive inspections, and other stewardship activities of nuclear materials
- Emergency removal actions
- Cleanup activities with TPC less than \$10 million
- Site/facility investigation, characterization, sampling and analysis, alternatives evaluation, and other activities leading up to the final approved cleanup decision document
- Operation of environmental remediation systems such as groundwater treatment systems
- Post-construction and post-closure care of remediated land burial sites
- Long-term environmental stewardship including environmental monitoring and institutional controls
- Facility shutdown and deactivation activities in preparation for final decommissioning
- General Plant Projects and Institutional General Plant Projects
- Alterations and Betterments
- Maintenance and Repair
- Landlord activities and site services
- Safeguards and security
- Emergency management
- Land management
- Fleet management
- Technology research, development, demonstration and deployment
- Community-support grants
- Public outreach and regulator oversight grants
- Preservation of cultural resources
- Program management

# Codification

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- Issued July 15, 2009
- EM Recovery Act Program (EMRAP)
  - Capital asset activities
    - CAPs → PARS Reportable
    - GPPs
  - Operations
  - Programs
- Basis for updated EM Protocol



# Implement EMRAP Portfolio Framework

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- Systematically decompose the work
  - Define and differentiate capital asset projects from “everything else”
  - Take a lifecycle approach
  - Focus on the WORK
- Federal and Contractor buy-in
  - Significant undertaking
- Paradigm shift

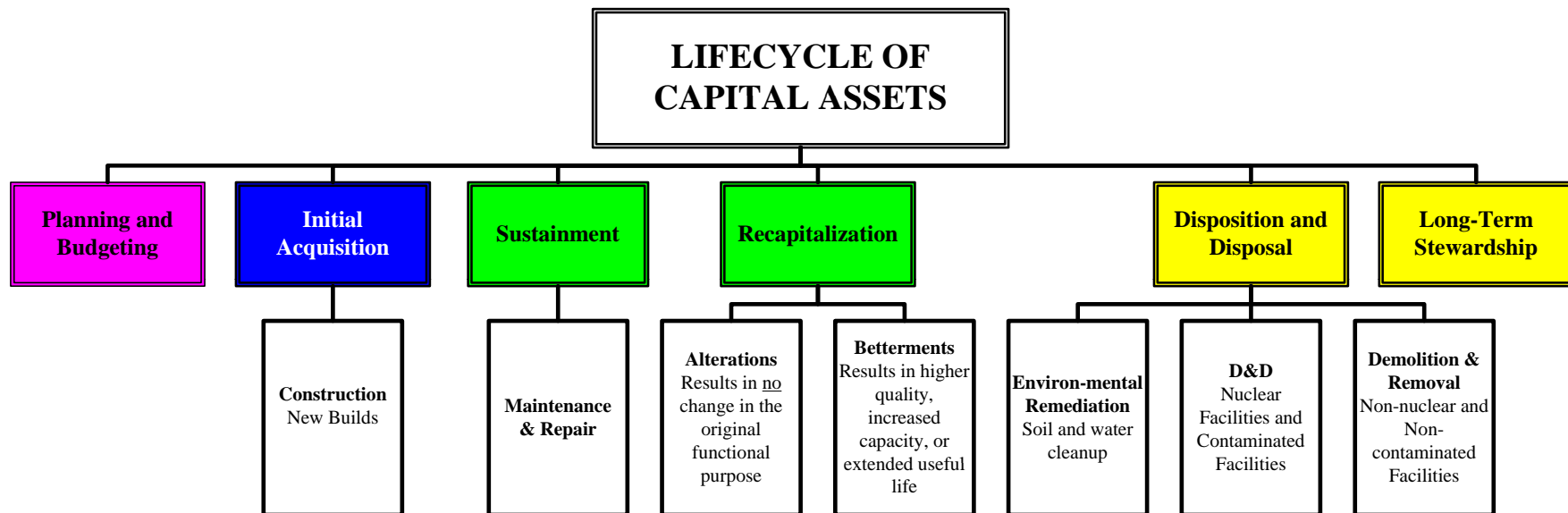


# Typical Lifecycle of Capital Assets

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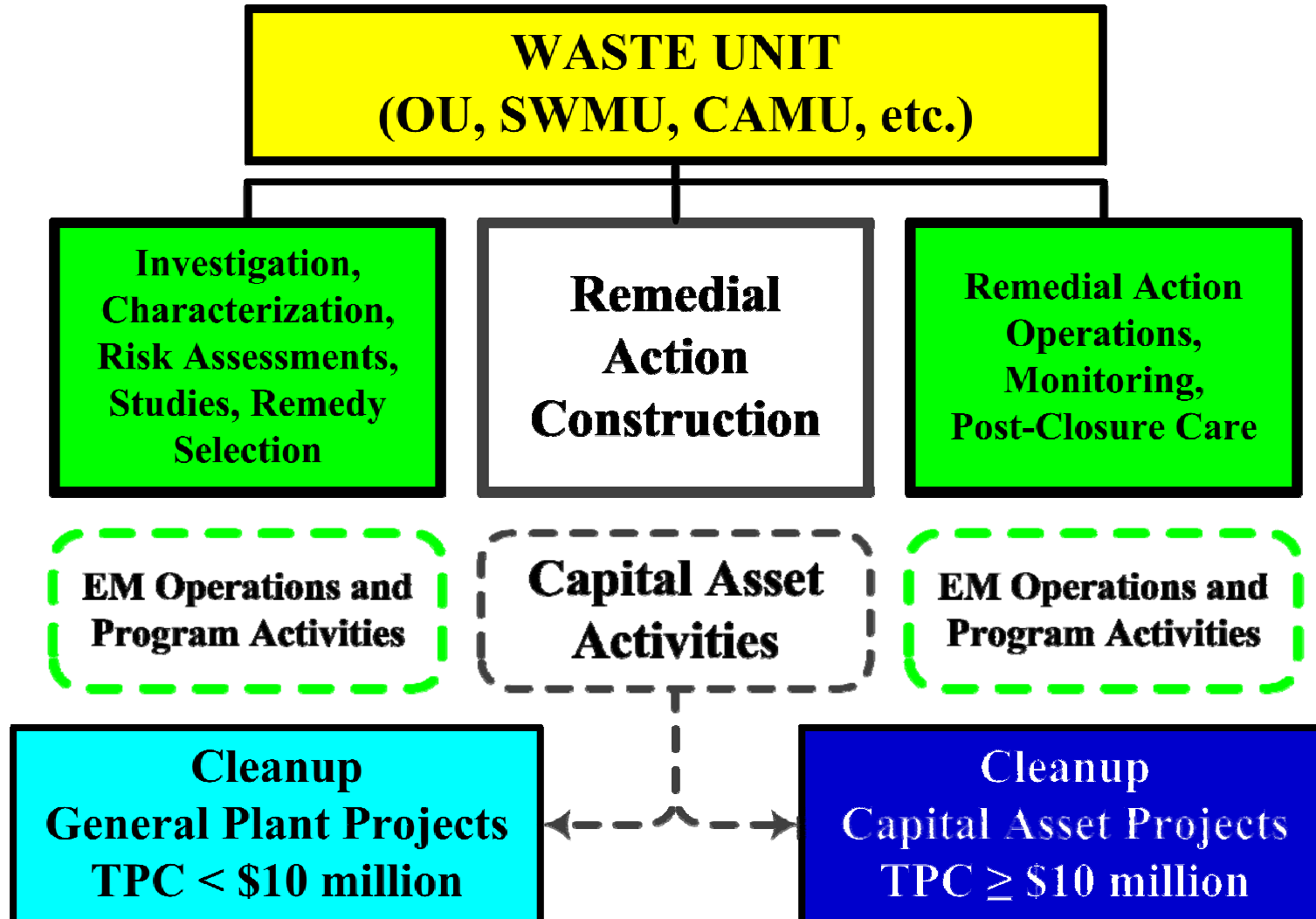


**Construction, recapitalization, environmental remediation, nuclear facility decontamination & decommissioning, and non-nuclear facility demolition and removal with a total project cost of \$10 million or more are executed as capital asset projects in accordance with DOE O 413.3A.**


# Remediation Scenario

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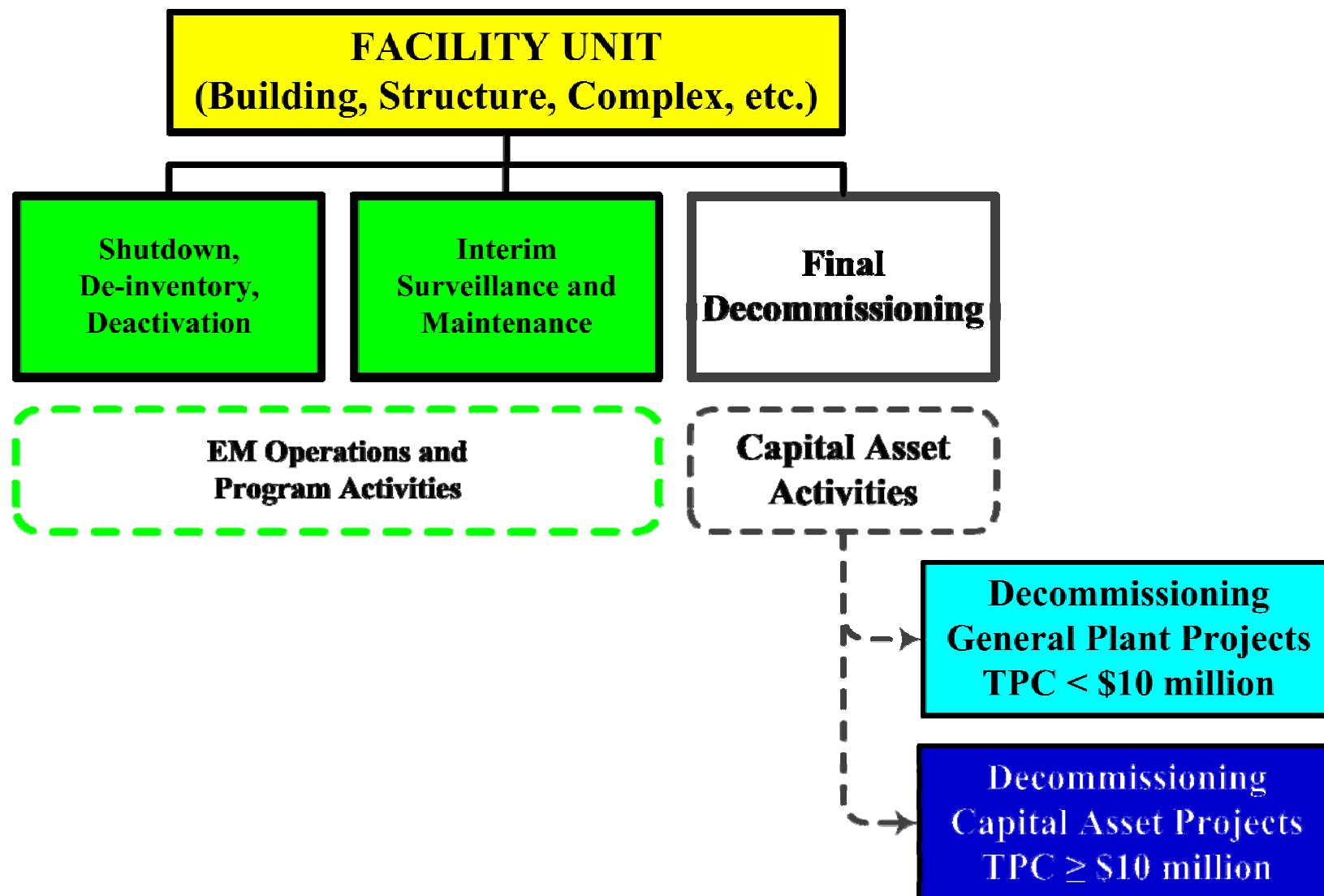
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# Deactivation & Decommissioning Scenario

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# Site Scenario

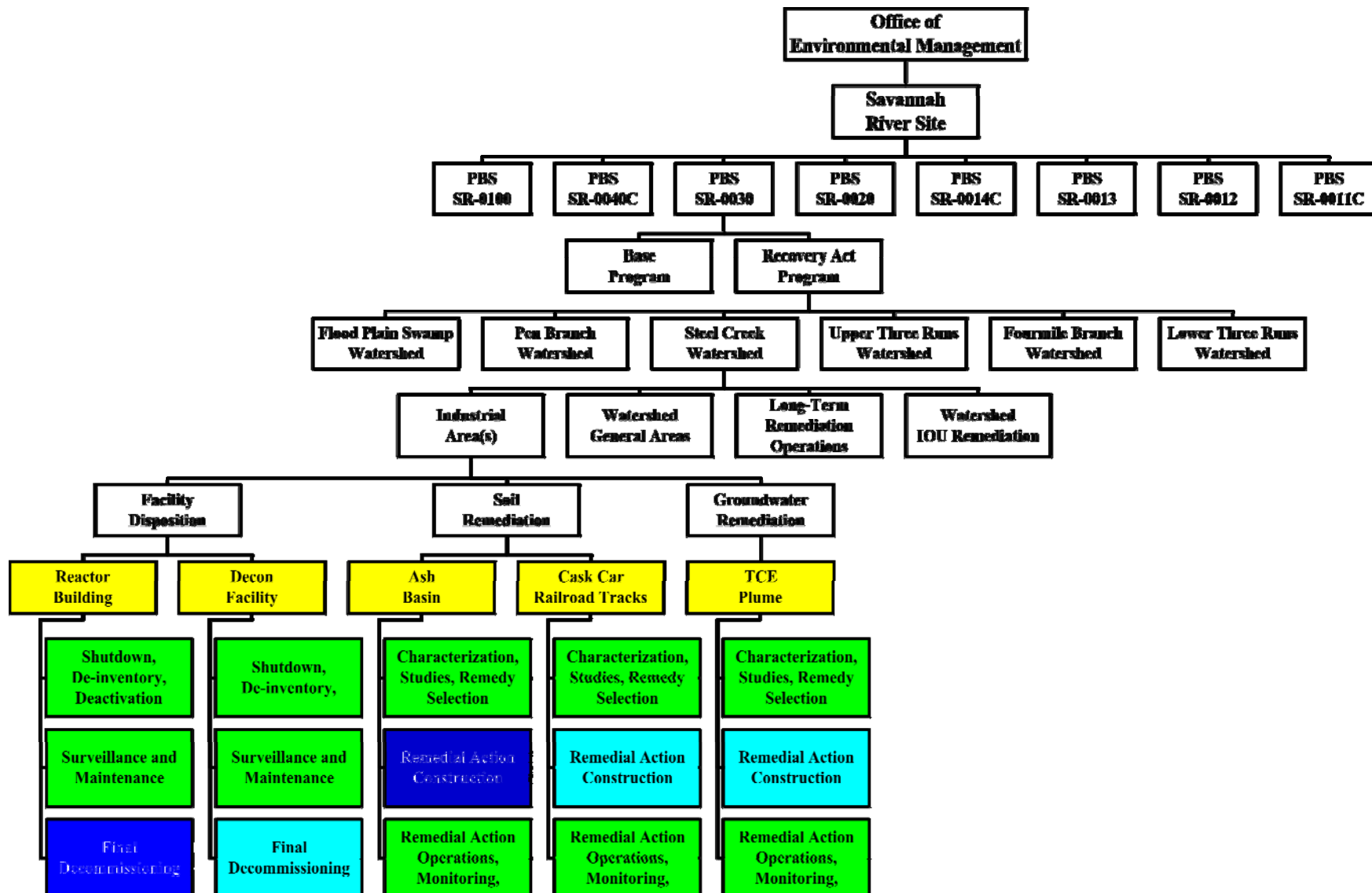
- Savannah River Recovery Act Program
  - PBSs SR-0013, -0030 and -0040C entirely funded by ARRA
    - Full suite of PPAs
  - \$1.6 billion over 2-1/2 years on 7 projects
- EIR and IPR findings under traditional PBS approach
  - Unclear scope definition, cost, and schedule estimates
  - Long period between definition, execution, completion
  - Corrective Action Plans developed and implemented
  - Post Framework results
    - 6 Capital Asset Projects, TPC \$378M
    - 49 GPPs \$210M
    - OA \$1.028M

# SRS Diagram


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# Benefits of Proper Work Classification

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- Clearer scope definition (Smaller, discrete work efforts)
- Postured for success (CAP and GPP completions)
- Portfolio flexibility (Prioritize PPAs, funding nimbleness)
- Smart investment of ARRA funds
- Better control of risk assessment and opportunities
- FPD Oversight at the appropriate level
- Span of control: Smaller projects are better managed
- Improved communications/expectations (Stakeholders, Contractor Partners)

# Way Ahead

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- Evaluate ALL PBS across complex for proper work classification (~71 PBSs, \$6B/yr plus \$6B ARRA over 3 yrs)
- Evaluate life cycle estimates and environmental liability
- Prioritize acquisition financial and personal resources
- Codify and reinforce permanent transition